

Stock Symbol : 3686



Danen Technology Corporation

Agenda Handbook for 2017 Regular Meeting of Shareholders

Meeting Date: May 26, 2017 (Tuesday) at 09:00 am

Place: No.2, Ln. 12, Datan 3rd Rd., Guanyin Dist., Taoyuan City
(2/F., Joint Service Center for Taoyuan High-Tech Industrial Park &
Taoyuan Environmental Protection Park & Datan Industrial Park)

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Table of contents

1.Meeting Procedure	P. 1
2.Meeting Agenda	P. 2
(1) Management Reports	P. 3
(2) Recognition Matters	P. 4
(3) Discussion Section	P. 5
(4) Election of BOD Directors	P. 5
(5) Others	P. 6
(6) Questions and Motions	P. 6
(7) Adjournment	P. 6
3.Enclosure	
(1) 2016 Business Report	P. 7
(2) 2016 Audit Committee's Review Report	P. 12
(3) Accountant Audit Report and 2016 Financial Statements	P. 13
(4) 2016 Deficit Compensation Statement	P. 21
(5) The comparison table of amendment to the Procedures for Acquisition or Disposal of Assets	P. 22
(6) List of Director and Independent Director Candidates	P. 25
4. Appendix	
(1) Articles of Incorporation	P. 28
(2) Rules and Procedures of Shareholders Meeting	P. 36
(3) Procedures for Election of Directors and Supervisors	P. 46
(4) Shareholdings of Directors	P. 50

Danen Technology Corporation

Meeting Procedure for 2017 Regular Meeting of Shareholders

1. Opening announcement of the meeting
2. Chairman Opening Remarks
3. Management Report
4. Recognition Matters
5. Discussion Section
6. Election of BOD Directors
7. Others
8. Questions and Motions
9. Adjournment

Danen Technology Corporation

Meeting Procedure for 2017 Regular Meeting of Shareholders

1. Opening announcement of the meeting
2. Chairman Opening Remarks
3. Management Report :
 - (1) 2016 Business Report
 - (2) Audit Committee's Review Report
4. Recognition Matters :
 - (1) Adoption of 2016 Business Report and Financial Statements
 - (2) Adoption of the Proposal for 2016 Deficit Compensation
5. Discussion Section :
 - (1) Amendment to the Procedures for Acquisition or Disposal of Assets
6. Election of BOD Directors
 - (1) To elect seven Directors (including four independent directors)
7. Others
 - (1) To Release the Prohibition on Directors from Participation in Competitive Business
8. Questions and Motions
9. Adjournment

【Management Reports】

Report No. 1 :

Subject : 2016 Business Report

Disclosure : The 2016 Business Report, refer to agenda handbook as p. 7-11.

Report No. 2 :

Subject : Audit Committee's Review Report

Disclosure : The 2016 Audit Committee's Review Report detail disclosed, refer to agenda handbook as p. 12.

【Recognition Matters】

Case No. 1 :

Proposed by the Board of Directors

Subject : Adoption of the 2016 Business Report and Financial Statements

Disclosure : 1. Danen Technology Corporation's Financial Statements were audited by accountants, Li Xiu Ling and Zhi Bing Jun of PricewaterhouseCoopers Taiwan and issued an unqualified review report. Also Business Report and Review Report have been approved by the Board of Directors on February 23, 2017 and examined by the Audit Committee.

2. The Business Report and Financial Statements, refer to agenda handbook as p. 7-11 and p. 13-20.

3. Please proceed to adopt.

Resolution :

Case No. 2 :

Proposed by the Board of Directors

Subject : Adoption of Year 2016 Deficit Compensation

Disclosure : 1. 2016 net profit after tax of the Company is NT\$ 733,644,248, and the Deficit yet to be compensated is NT\$ 733,644,248. To offset the company losses via the Paid-in Capital in Excess of Par (Stated) value of NT\$733,644,248 in accordance with Article 239 of the Company Act. The Deficit yet to be compensated is NT\$0 after the offset. Please refer to the Deficit Compensation Statement attached as agenda handbook p.21.

2. This Recognition has been approved by the Board of Directors on February 23, 2017 and examined by the Audit Committee.

3. Danen Technology Corporation proposed not to distribute dividends due to the 2016 losses after tax. Please proceed to adopt.

Resolution :

【Discussion Section】

No. 1: Proposed by the Board of Directors

Subject : Amendment to the Procedures for Acquisition or Disposal of Assets

Please proceed to discuss.

- Disclosure : 1. In order to conform to the needs of the Hwa-Zong-I-Yi-Zi No. 10600012965 on Feb. 09, 2017 of amendments to procedures for acquisition or disposal of assets, the Company hereby proposes to amend the procedures for acquisition or disposal of assets.
2. Please refer to agenda handbook p. 22-24 for details of 「the comparison table of amendment to the Procedures for Acquisition or Disposal of Assets」 and the Chinese version of the Handbook for details.

Resolution :

【Election of BOD Directors】

No. 1: Proposed by the Board of Directors

Subject : To elect seven Directors (including four independent directors)

- Disclosure : 1. The tenure of all Danen Directors (including Independent Directors) will expire on Jun 17, 2017. According to the Company BOD meeting, the company proposes to duly elect new Board members at this year's Annual General Shareholders' Meeting. The tenure of newly elected directors shall commence on May 26, 2017 and expire on May 25, 2020.
2. According to the relevant regulations, the election of Directors will be conducted under the "candidate nomination system". The Directors shall be elected from the nominated candidates. The qualification of the nominated Directors (including Independent Directors) has been reviewed by the Board meeting on Apr. 11, 2017. The Director (including Independent Directors) candidates' academic background, experience and relevant information are attached hereto as Enclosure 6 in page 25-27.

Election Result :

【Others】

No. 1: Proposed by the Board of Directors

Subject : To Release the Prohibition on Directors from Participation in Competitive Business

Disclosure : 1. According to the Company Act article 209, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall secure approval for such at the meeting of shareholders.

2. For the newly elected board of directors, it is proposed to request to release the prohibition on directors from participation in competitive business.

Resolution :

【Questions and Motions】

【Adjournment】

Enclosure 1

Danen Technology Corporation
2016 Business Report

Dear shareholders:

In the past year, the PV Market changed ups and downs, showing a hot season at 1st half and a very cold 2nd half year. Owing to the overreacted demands of Chinese market, couple with the US. India and emerging market growth brought the market prosperously at the 1st half, while the demand slumped to almost frozen condition at Q3, entire supply chains were affected by the demand situation, price dropped dramatically, especially the wafer price eroded more than 30% from Q3 to Q2, and price did not recover till a soft rebound at Q4.

According to the forecast of Industry research institute, the global market demand will be driven by China , US, India and emerging markets, due to the reduction of supply chain cost significantly, the growth of 2017 will still have double digits growth compared to 2016, high efficiency PERC products will have good opportunity to get into high demand growth stage due the process technology and equipment's are both mature. The total delivery volume could be doubled, and this trend is favorable to the company business operation.

In response to high efficiency product demands, the company focused on the quality improvement of high-efficiency multi-crystalline wafers and enhancing the conversion efficiency continuously, although the cost of production was reduced quarter by quarter, but the revenue and business condition were affected by the 2nd half demand slump and price erosion of supply chain. In order to continue the business operation and development of the company, the management team will keep a sustainable operating strategy and financial structure, continue to put focus on cost reduction and quality improvement for market competitiveness, and maintain the company's product with leadership position, so that the company business can be back to profitable situation.

1. 2016 operating results

(1) Results of operation implementation

Unit : NT\$ Thousand

Item	2016	2015	Growth rate
Operating revenue	1,370,986	1,575,121	(12.96%)
Gross profit (loss)	(455,687)	(454,774)	(0.20%)
Operating income (loss)	(534,127)	(532,787)	(0.25%)
Income before tax (loss)	(529,711)	(524,851)	(0.93%)
Net income (loss)	(733,644)	(603,838)	(21.50%)
Total comprehensive loss	(733,644)	(603,838)	(21.50%)
EPS (\$)	(2.10)	(1.73)	(21.39%)

2016 business revenue and operating conditions were affected by second half's frozen demand, and the overall supply chain prices fell sharply. Wafer price fell more than 30% from Q2 to Q3, if compared with the same period last year, prices fell more than 34%.

(2) Status of budget implementation

The Company did not disclose the forecast figures of 2016, so it has not disclosed the status of budget implementation.

(3) Analysis of Financial Revenue/Expenditure and Profitability

Item		2016	2015	
Financial Structure	Debt to Total Assets （％）	6.15	8.90	
	Long-term Capital to Fixed Assets （％）	137.20	137.86	
Solvency	Current Ratio （％）	587.67	339.30	
	Quick Ratio （％）	492.74	289.42	
Profitability	Return on Assets （％）		(16.74)	(11.59)
	Return on Stockholder’s equity （％）		(18.16)	(12.83)
	Ratio to Paid-in Capital (%)	Operating income	(15.28)	(15.24)
		Income before tax	(15.15)	(15.01)
	Net income percentage （％）		(53.51)	(38.34)
	Earnings per share (NT\$)		(2.10)	(1.73)

(4) Status of research and development

In 2016, research and development teams have dedicated to new materials and new technology development process, the specific results are as follows:

- A. Process optimization for high efficiency wafers coupled with the improvement of customer cell process, to further improve the conversion efficiency of multi-solar cell to more than 19.2%.
- B. Through wafer process adjustment, the production of M2 new generation wafers, has pushing the average conversion efficiency higher, to improve customer satisfaction.
- C. Through the development of material recycle technology, enhanced the use of recycled materials, effectively reduced manufacturing costs and achieved friendly environment goals.

2 、 Highlights of 2017 Business Operation Plan

(1) Operating guidelines and Prospect

- A. Catch the technology development and high efficient product demand trends, stabilize and strengthen the relationship of industry supply chain.
- B. Strengthen the supply and demand cooperation with strategic customers, master the timing course of key technology development.
- C. Maintain a solid supply relationship with major raw material suppliers to ensure that no shortage of major material supply.
- D. Strengthen the industrial cooperation strategy and put in necessary resources to enhance the competitiveness of products and corporate image.

(2) Number of sales forecast and its basis

Unit : Thousand	
Product	Number of sales forecast
Multi-crystalline solar wafer	56,043

The number of sales forecast for the year 2017 is based on customers' demands and market trends, meanwhile taking into consideration of supply chain price change and the sales target was finalized according to the Company's capacity utilization plan.

(3) Sales and production policy

- A. Master the industry's highest conversion efficiency and quality of wafer technology to enhance and expand the influence to meet customer demand

in high efficiency products and maintain the market position of the product.

- B. Improve the performance of products to meet the market's high-end demand and growth. Stabilize existing strategic customer relationships, and actively expand the relationship of new potential customers.
- C. Strengthen the development of new technologies and materials' application, dedicated in key materials reduction and high-end recycling technology to further enhance the quality of wafers and reduce production costs.

(4) Future development strategy

- A. Master the core technology of wafer production process, and actively carry out the development of new generation wafer production technology, continuously strengthen the company's technology leadership in the industry.
- B. With wafer process optimization and introduction of new materials to improve wafer conversion efficiency and adding value to meet customer demand for high efficiency products, while achieving further reduction of manufacturing costs.
- C. Strengthen the integration among different industries, and have technical cooperation with key partners of the supply chain, and actively invest in long-term strategic technology to grasp opportunities of future industrial development and value

(5) Influence by external environment, laws & regulations and the overall business operation environment

Owing to the climate changes intensified in the major regions of the world, disaster avalanched, and the rapid growth of energy demands increased in emerging countries, the needs for traditional energy sources such as oil, natural gas and coal continues to increase and these traditional energy resources are drying up. Therefore, the search for alternative energy is absolutely the key issue of world's economic development and important industrial topics. As solar energy is an inexhaustible energy. Looking to the future, under the carbon reduction agreement reached by the Paris Climate Summit, the policy support and development of the major countries in the world continue to put supports into the alternative energy industry, coupled with the efforts of all solar energy supply chain manufacturers to actively improve product quality and reduce cost, it will be able to drive solar industry, a long-term development and prosperity.

Finally, I would like to thank all shareholders for the support and encouragement to Danen Technology, on behalf of all my colleagues and members of the board, I would like to express the most sincere appreciations and thanks again.

Chairman	Fang,Jenn-Ming
President	Fang,Jenn-Ming
Chief Account	Wu,Yu-Yi

Enclosure 2

Audit Committee's Review Report

To 2017 Regular Meeting of Shareholders:

The 2016 Business Report, Financial Report and Proposal for Deficit Compensation prepared by the Board of Directors, of which Financial Report was audited by accountants, Li Xiu Ling and Zhi Bing Jun of PricewaterhouseCoopers Taiwan and issue a review report. Also Business Report, Financial Report and Proposal for Deficit Compensation above have been examined by the Audit Committee, who prepared the report in accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and submit it for reference.

Sincerely,

The convener of the Audit Committee

Tsai, Wen-Ching

Date: February 23, 2017

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM

To the Board of Directors and Shareholders of Danen Technology Corporation :

Opinion

We have audited the accompanying balance sheets of Danen Technology Corporation as at December 31, 2016 and 2015, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Danen Technology Corporation as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Danen Technology Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment assessment of Property, plant and equipment

Description and Audit Procedure: Please refer to the Chinese version of the Handbook for details.

Evaluation of Poly-silicon supply long term agreement

Description and Audit Procedure: Please refer to the Chinese version of the Handbook for details.

Evaluation of Inventory

Description and Audit Procedure: Please refer to the Chinese version of the Handbook for details.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Danen Technology Corporation ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Danen Technology Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Danen Technology Corporation financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Danen Technology Corporation internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Danen Technology Corporation ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Danen Technology Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DANEN TECHNOLOGY CORPORATION
BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets			2016		2015	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 876,291	22	\$ 903,026	19
1150	Notes receivable, net			-	13,247-	
1170	Accounts receivable, net	6(2)	71,494	3	140,619	3
1200	Other receivables		1,134	-	5,712	-
1220	Current tax assets		660	-	1,047	-
130X	Inventories, net	6(3)	138,045	4	170,795	4
1410	Prepayments		44,934	1	12,515	-
1479	Other current assets – others		173	-	1	-
11XX	Total current assets		1,132,731	29	1,246,962	26
Non-current assets						
1550	Investments accounted for using equity method	6(4)	-	-	-	-
1600	Property, plant and equipment, net	6(5) and 8	2,711,662	69	3,241,820	67
1840	Deferred tax assets	6(23)	5,814	-	209,735	4
1980	Other financial assets - non-current	8	11,021	-	11,381	-
1990	Other non-current assets - others	6(6)	51,939	2	126,644	3
15XX	Total non-current assets		2,780,436	71	3,589,580	74
1XXX	Total assets		\$ 3,913,167	100	\$ 4,836,542	100

(Continued)

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liability and Shareholders' Equity		Notes	2016		2015	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2170	Accounts payable		\$ 86,645	2	\$ 192,599	4
2200	Other payables	6(7)	79,347	2	98,113	2
2320	Long-term liabilities, current	6(8)				
	portion		25,000	1	75,008	2
2399	Other current liabilities – others		1,756	-	1,787	-
21XX	Total current liabilities		192,748	5	367,507	8
Non-current liabilities						
2540	Long-term borrowings	6(8)	42,917	1	58,325	1
2570	Deferred tax liabilities	6(23)	12-	-		-
2670	Other non-current liabilities -	6(12)				
	others		4,804	-	4,380	-
25XX	Total non-current liabilities		47,733	1	62,705	1
2XXX	Total liabilities		240,481	6	430,212	9
Share capital		6(13)				
3110	Common stock		3,496,268	90	3,496,268	72
Capital surplus		6(14)				
3200	Capital surplus		910,062	23	1,513,900	31
Retained earnings		6(15)				
3350	Accumulated deficit		(733,644)	(19)	(603,838)	(12)
Other equity		6(16)				
3400	Other equity interest		-	-	()	-
3XXX	Total equity		3,672,686	94	4,406,330	91
Significant commitments and		9				
contingent events						
3X2X	Total liabilities and					
	shareholders' equity		\$ 3,913,167	100	\$ 4,836,542	100

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 1,370,986	100	\$ 1,575,121	100
5000 Operating costs	6(3)(21)(22)	(1,826,673)	(133)	(2,029,895)	(129)
5900 Gross loss from operations		(455,687)	(33)	(454,774)	(29)
5950 Gross loss from operations, net		(455,687)	(33)	(454,774)	(29)
Operating expenses	6(21)(22)				
6100 Selling expenses		(3,330)	-	(4,447)	-
6200 General and administrative expenses		(59,585)	(5)	(56,006)	(4)
6300 Research and development expenses		(15,525)	(1)	(17,560)	(1)
6000 Total operating expenses		(78,440)	(6)	(78,013)	(5)
6900 Operating loss		(534,127)	(39)	(532,787)	(34)
Non-operating income and expenses					
7010 Other income	6(18)	9,302	-	10,300	1
7020 Other gains and losses	6(19)	(3,227)	-	2,032	-
7050 Finance costs	6(20)	(1,659)	-	(4,396)	-
7060 Share of loss of associates and joint ventures accounted for using equity method		-	-	-	-
7000 Total non-operating income and expenses		4,416	-	7,936	1
7900 Loss before income tax		(529,711)	(39)	(524,851)	(33)
7950 Income tax expense	6(23)	(203,933)	(15)	(78,987)	(5)
8000 Loss from continuing operations		(733,644)	(54)	(603,838)	(38)
8200 Loss for the period		(\$ 733,644)	(54)	(\$ 603,838)	(38)
8500 Total comprehensive loss		(\$ 733,644)	(54)	(\$ 603,838)	(38)
9750 Basic loss per share	6(24)	(\$ 2.10)		(\$ 1.73)	
9850 Diluted loss per share	6(24)	(\$ 2.10)		(\$ 1.73)	

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Capital Reserves				Other equity interest		
Notes	Common stock	Additional paid-in capital	Changes in equity of associates and joint ventures accounted for using equity method	Restricted employee shares	Accumulated deficit	Exchange differences on translation of foreign financial statements	Others	Total equity
<u>Year 2015</u>								
	\$ 3,496,758	\$ 2,050,093	\$ -	\$ 319	(\$ 537,100)	\$ -	(\$ 1,942)	\$ 5,008,128
Capital surplus used to offset accumulated deficits	6(13)	- (537,100)	-	-	537,100	-	-	-
Restricted employee shares	6(14)	(490) 907	-	(319)	-	-	1,942	2,040
Loss for the year	6(13)	-	-	-	(603,838)	-	-	(603,838)
Balance at December 31, 2015		<u>\$ 3,496,268</u>	<u>\$ 1,513,900</u>	<u>\$ -</u>	<u>(\$ 603,838)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 4,406,330</u>
<u>Year 2016</u>								
Balance at January 1, 2016		\$ 3,496,268	\$ 1,513,900	\$ -	(\$ 603,838)	\$ -	-	\$ 4,406,330
Capital surplus used to offset accumulated deficits	6(13)	- (603,838)	-	-	603,838	-	-	-
Loss for the year	6(13)	-	-	-	(733,644)	-	-	(733,644)
Balance at December 31, 2016		<u>\$ 3,496,268</u>	<u>\$ 910,062</u>	<u>\$ -</u>	<u>(\$ 733,644)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,672,686</u>

The accompanying notes are an integral part of these financial statements.

DANEN TECHNOLOGY CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax for the year		(\$ 529,711)	(\$ 524,851)
Adjustments to reconcile loss before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation expense	6(19)	549,501	533,797
Amortisation expense	6(19)	1,679	3,958
Provision for bad debt expense	6(2)	(368)	184
Interest expense	6(18)	1,626	4,135
Interest revenue	6(16)	(5,039)	(6,075)
Compensation cost of share-based payments	6(9)	-	2,040
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable, net		13,314	(13,314)
Accounts receivable, net		69,427	53,782
Other receivables		4,858	4,020
Inventories		32,750	20,659
Prepayments		(32,419)	5,934
Other current assets		(173)	289
Other non-current assets		60,845	2,983
Net changes in liabilities relating to operating activities			
Accounts payable		(105,954)	(1,574)
Other payables		(19,683)	3,263
Other current liabilities		(31)	282
Cash generated from operations		40,622	89,512
Cash received as interest		5,202	6,056
Interest paid		(1,259)	(3,905)
Income tax paid		(56)	(604)
Net cash provided by operating activities		44,509	91,059
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of investments accounted for using equity method		-	-
Acquisition of property, plant and equipment		(12,369)	(61,555)
Decrease in other financial assets		-	(360)
Increase in other financial assets		360	-
Increase in refundable deposits		-	(31)
Decrease in refundable deposits		6,181	-
Net cash (used in) provided by investing activities		(5,828)	(61,946)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		-	-
Proceeds from long-term debt		100,000	200,000
Repayments of long-term debt		(165,416)	(280,417)
Increase in guarantee deposits received		-	30
Net cash (used in) provided by financing activities		(65,416)	(80,387)
(Decrease) increase in cash and cash equivalents		(26,735)	(51,274)
Cash and cash equivalents at beginning of year		903,026	954,300
Cash and cash equivalents at end of year		<u>\$ 876,291</u>	<u>\$ 903,026</u>

The accompanying notes are an integral part of these financial statements.

Enclosure 4

Danen Technology Corporation
Deficit Compensation Statement

2016

(Unit: NTD)

Items	TOTAL
Retained earnings of prior years	0
+ : 2016 net loss	(733,644,248)
Deficit yet to be compensated	(733,644,248)
+ : Additional paid-in capital (Excess of Par(Stated) value)	733,644,248
Un-appropriated retained earnings	0

Chairman :
Fang,Jenn-Ming

President :
Fang,Jenn-Ming

Chief Account :
Wu,Yu-Yi

Danen Technology Corporation

The comparison table of amendment to
the Procedures for Acquisition or Disposal of Assets

After Amendment	Prior to Amendments	Explanation
Article 5 The procedures for the acquisition and disposal of assets of the Company are as follows: 1. Evaluation procedures : (2) Price reference: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or in excess of NT\$300 million, the company, unless transacting with a government <u>organization</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: (henceforth abridged)	Article 5 The procedures for the acquisition and disposal of assets of the Company are as follows: 1. Evaluation procedures : (2) Price reference: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or in excess of NT\$300 million, the company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report from a professional appraiser prior to the date of occurrence of the event and shall further comply with the following provisions: (henceforth abridged)	Amendments in compliance with the Rule No. 1060001296 issued by FSC on Feb. 9, 2017.

Article 6 The procedures for the acquisition and disposal of memberships 1. Evaluation procedures : (2)Price reference: In acquiring or disposes of memberships and the transaction amount reaches 20 percent or more of paid-in capital or in excess of NT\$300 million, except in transactions with a government <u>organization</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public account shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. (henceforth abridged)	Article 6 The procedures for the acquisition and disposal of memberships 1. Evaluation procedures : (2)Price reference: In acquiring or disposes of memberships and the transaction amount reaches 20 percent or more of paid-in capital or in excess of NT\$300 million, except in transactions with a government <u>agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public account shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. (henceforth abridged)	
<u>Article 7</u> The procedures for the acquisition and disposal of intangible assets 1. Evaluation procedures : (2)Price reference: In acquiring or disposes of memberships and the transaction amount reaches 20 percent or more of paid-in capital or in	<u>Article 7</u> The procedures for the acquisition and disposal of intangible assets 1. Evaluation procedures : (2)Price reference: In acquiring or disposes of memberships and the transaction amount reaches 20 percent or more of paid-in capital or in	Amendments in compliance with the Rule No. 1060001296 issued by FSC on Feb. 9, 2017.

excess of NT\$300 million, except in transactions with a government <u>organization</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public account shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. (henceforth abridged)	excess of NT\$300 million, except in transactions with a government <u>agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public account shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. (henceforth abridged)	
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Danen Technology Corporation

List of Director Candidates

No.	Name	Education	Experience	Present Position	Shares	Representative of governmental organization or juristic-person shareholder	others
1	Fang,Jenn-Ming	1. MBA from MIT Sloan School of Management 2. B.S. from National Tsing Hua University	1. Wafer Plant Assistant Vice President of Winbond Electronics Corp. 2. Marketing director of electric memories of Winbond Electronics Corp.	Chairman and President of Danen Technology Cooperation	5,116,409	None	None
2	Jen,Chao-Ming	1. MS from MIT Sloan School of Management 2. B.S. from University of Missouri-Columbia	1. Director of Business Development and Product Marketing of Quanta Computer Inc. 2. Director of investment of Quanta Computer Inc.	Vice Chairman of Danen Technology Cooperation	952,732	None	None
3	Jhuang,Bi-Yang	1. Master of business administration of West Texas A&M University, USA) 2. Master of Science from National Tsing Hua University 3. B.S. from National Tsing Hua University	1. Supervisor of Taimide Tech. INC. 2. Director and president of Onstatic Tech Co. 3. Chairman and President of ASIA UNION ELECTRONIC CHEMICAL CROP. 4. Director of UPC Technology Corp.	Director And CEO of Trillion Science INC	0	None	None

Danen Technology Corporation

List of Independent Director Candidates

No.	Name	Education	Experience	Present Position	Shares	Representative of governmental organization or juristic-person shareholder	others
1	Tsai, Wen-Ching	1. Master of Accounting of NATIONAL CHENGCHI UNIVERSITY 2. Bachelor of Accounting of NATIONAL TAIWAN UNIVERSITY	1. Deputy Director of Ching-Long CPA Firm and First Elite CPA Firm 2. Manager of Deloitte & Touch CPA Firm 3. Tax rule CEO of Taipei Institute of CPA	Director of GAO-WEI CPA Firm	0	None	None
2	Lin, Her-Yuan	1. Master of Engineering of University of Missouri, USA 2. Bachelor of Science of NATIONAL TAIWAN UNIVERSITY	1. President of Industrial Technology Investment Corporation 2. Vice President of WK TECHNOLOGY FUND 3. Vice President of AsiaVest Investment Ltd	President of Industrial Technology Investment Corporation	0	None	None
3	Jaw, Yi-long	1. Doctor of Philosophy of The Ohio State University, USA 2. Master of Business / NATIONAL TAIWAN UNIVERSITY 3. Bachelor of Science / NATIONAL TAIWAN UNIVERSITY	1. Director of Taiwan External Trade development Council 2. Committee member of International Trade Commission, Ministry of Economic 3. Director of the Research Institute and Chair of International Business, NATIONAL TAIWAN UNIVERSITY 4. Committee member of Industrial Development Advisory Council	Director of the Research Institute and Professor of International Business, NATIONAL TAIWAN UNIVERSITY	0	None	None

No.	Name	Education	Experience	Present Position	Shares	Representative of governmental organization or juristic-person shareholder	others
4	Su,Tzung-Tsan	1.International Senior Managers Program (ISMP) / Harvard Business School, USA 2.Doctor of Philosophy / Princeton University, USA 3. Bachelor of Science / NATIONAL TSING HUA UNIVERSITY	1. Director of the Material and Chemical Research Laboratories, Industrial Technology Research Institute 2. Supervisor of Nanotechnology Development Center, Industrial Technology Research Institute 3. Senior manager of Planning Division, Industrial Technology Research Institute	1.Supervisor of Material research Society Taiwan 2.Director of Taiwan Nanotechnology Industry Development Association 3. Director of Safety and Health Technology Center	22,400	None	None

Danen Technology Corporation

Articles of Incorporation

Chapter 1 General Provision

Article 1 : This Company should be incorporated under the name of "Danen Technology Corporation" (hereinafter referred to as the Company) in accordance with the rules of the Company Limited by Shares in the Company Act.

Article 2 : Business Scopes of the Company are as follows:

1. CC01080 Electronic Parts and Components Manufacturing
2. F119010 Wholesale of Electronic Materials
3. F219010 Retail Sale of Electronic Materials
4. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The headquarters shall, after having been incorporated in Taoyuan County, establish, revoke or remove the domestic and/or overseas branch office according to the resolutions at the Board meeting if necessary.

Article 4 : Public notices to be given by the Company pursuant to Article 28 of the Company Act through the Internet information system circulated in the Market Observation Post System.

Chapter 2 Shares

Article 5 : The authorized capital of the Company is NT\$5 billion, divided into 500 million common shares, at par value of NT\$10 per share. The Company shall retain NT\$90 million from the total capital as the issuance of employee stock warrants, and the rest of the such shares which have never been issued may be issued in installments by the Board of Directors as authorized upon the actual requirement of circumstances.

Article 6 : The total investment made by the Company shall not exceed 40 percent of the amount of its own paid-in capital as stipulated under Article 13 of the Company Act.

Article 7 : Share of the Company shall be registered, shall be affixed with the

signatures or personal seals of three or more directors of the issuing company, and shall be duly certified or authenticated by the competent authority or a certifying institution appointed by the competent authority before issuance thereof. The Company may elect not to have share certificate printed on the shares issued or may print a share certificate to cover the total amount of the shares to be issued at each time, provided that the Company shall register the shares issued with the central depository institution.

Article 8 : Transfer of shares, the entries in the shareholders' roster referred to the preceding Paragraph shall not be altered within 30 days prior to the convening date of a regular shareholders meeting, or within 15 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits. All transfers of the shares of the Company to the public will be duly suspended sixty (60) days prior to the meeting date of the regular shareholders meeting, thirty (30) days prior to the meeting date of the special shareholders meeting, and five (5) days prior to the date of distribution of dividend, bonus or other benefits.

Article 9 : After the Company issues the shares to the public, the share transaction processing may be handled by the Company pursuant to Regulations Governing the Administration of Shareholder Services of Public Companies and other laws and regulations.

Article 10 : (Deleted)

Chapter 3 Shareholders Meeting

Article 11 : The two types of shareholders meetings are as follows:

- (1)The regular meeting of shareholders shall be convened within six months after the end of each fiscal year by the Board of Directors.
- (2)The special meeting of shareholders shall be convened whenever deemed necessary.

Article 12 : The shareholders meeting shall be presided by the Chairman. In case the chairman is absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also absent or unable to exercise his power and authority for any cause, the chairman shall designate one of the directors. In the

absence of such a designation, the directors shall elect from among themselves an acting chairman.

Article 13 : A shareholder may appoint a proxy to attend a shareholders meeting in his/her behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The regulations of appointing a proxy to attend a shareholders meeting shall be ruled pursuant to Article 177 of the Company Act and to the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” after the Company issues the shares to the public.

Article 14 : Except in the circumstances set forth in Article 179 of the Company Act without the voting power, a shareholder shall have one voting power in respect of each share in his/her possession.

Article 15 : Resolutions at a shareholders meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. Acting upon regulations of competent authorities, a shareholder shall exercise his/her voting power by means of electronic transmission, then a shareholder taking part in such means of electronic transmission shall be deemed to have attended the meeting in person. The relevant matters shall be governed by laws and regulations.

Article 16-1 : Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The attendance list bearing the signature of shareholders and the powers of attorney of the proxies shall be kept with the minutes.

The aforementioned record and the distribution of the minutes shall be fulfilled in accordance with the Company Act.

Article 16-2 : However, if a proposal of public issue has been revoked, the proposal shall be decided by the resolution adopted by the shareholders meeting. This shall not be amended during the

emerging period and the period of centralized trading floor or over the counter trading places.

Chapter 4 Director, Audit Committee and Managerial personnel

Article 17 : The Board of Directors of the Company shall have five to seven directors who shall be elected by the shareholders meeting from among the persons with disposing capacity. The term of office of a director shall be three years; but he/she may be eligible for re-election. In compliance with Article 192-1 of the Company Act, a candidate nomination system is adopted for election of the directors; the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The total number of the share certificates holding by all of the directors of the shares of the Company to the public, shall be governed by the authority in charge of securities affairs. The Company shall purchase the liability insurance for the directors pursuant to the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies. The Board of Directors is authorized to decide the scope of the insurance.

Article 17-1 : When the number of vacancies in the Board of Directors equals to one-third ($1/3$) of the total number of directors, the Board of Directors shall call a special meeting of shareholders to elect succeeding directors to fill the vacancies in the vacancy period.

Article 17-2 : The list of the directors which set by the preceding Article 17 is required to appoint independent directors, not less than two (2) in number and not less than one-fifth ($1/5$) of the total number of directors. Regulations governing the professional qualifications, shareholdings and restrictions on concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities affairs.

Article 18 : Meetings of the Board of Directors shall be convened by the directors. The power and authority of Board of Directors are as follows:

1. Prepare a business plan.
2. Propose profit allocation plan or the offsetting of deficit plan.

3. Propose capital increase or reduction of the Company.
4. Approve the significant articles and organizational charter.
5. Appointment and discharge of the managerial personnel.
6. Approve the addition and abolished of the branch.
7. Approve proposed budget and closing accounting.
8. Other scope of duties and power restricted by laws and given by a shareholders meeting.

Article 19 : One chairman and one vice chairman shall be elected from among the directors by a majority vote at the meeting of the Board of Directors attended by two-third (2/3) of the directors. The Chairman shall act externally as the representative of the Company.

Article 20 : Except as otherwise provided by the Company Act, the meeting of the Board of Directors shall be convened by the Chairman. The resolutions of the Board of Directors, except otherwise provided by the Company Act, shall be agreed from among the directors by a majority vote at the meeting of the Board of Directors attended by over the half of the directors. An agenda shall be arranged in advance before the Board meeting; notices shall be sent to all directors before seven (7) days. The Board meeting may be convened at any time in the event of an emergency.

A notice to convene the Board meeting in the preceding Paragraph may be effected in writing, by fax or by means of E-mail.

Article 21 : The Board of Directors shall be presided by the Chairman. In case the chairman is absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case the vice chairman is also absent or unable to exercise his power and authority for any cause, the chairman shall designate one of the directors. In the absence of such a designation, the directors shall elect from among themselves an acting chairman. A meeting of the board of directors shall be proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In case a director is absent and appoints

another director to attend a meeting of the board of directors in his/her behalf, he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to one other director only.

Article 22 : In compliance with the Article 14-4 of the Securities and Exchange Act, the Company shall have the independent directors in the Audit Committee. One of the independent directors shall convene the Audit Committee, and at least one person requires qualifications of accounting or finance. Resolutions at an Audit Committee ' meeting shall be adopted by a majority vote of the directors present of the total number of voting shares. The Company established the Audit Committee according to laws and shall exercise supervisors' power pursuant to the Company Act, the Securities and Exchange Act, other laws and the articles of incorporation and other regulations.

Article 23 : The remuneration to the directors shall be determined and paid the transportation allowances in spite of profit and loss by the Board of Directors authorized to do so by reference to the common practical standards.

Article 24 : The Company may have one or more managerial personnel. Appointment , discharge and the remuneration of the managerial personnel shall be decided in accordance with the Article 29 of the Company Act.

Chapter 5 Accounting

Article 25 : The Company adopts the period from 1 January each calendar year to 31 December of the same calendar year for the fiscal year. Closing for the year shall be made.

Article 26 : According to the Article 228 of the Company Act, the Board of Directors shall prepare the following statements and records and shall forward the same to Audit Committee for their auditing not later than the 30th day prior to the meeting date of a regular meeting of shareholders. The Audit Committee shall submit the various financial statements and records prepared by it to the regular meeting of shareholders for its ratification:

1. the business report;
2. the financial statements; and

3. the surplus earning distribution or loss off-setting proposals.

Article 27 : The distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. The Company shall not pay dividends or bonuses, if there is no surplus earnings provided.

Article 28 : The net profits of the Company for each annual financial year shall be allocated in the following order:

1. To make provision of the applicable amount of income tax;
2. To set off losses;
3. To set aside ten percent (10%) as Legal Reserve unless the accumulated amount of such Legal Reserve equals to the total capital of the Company;
4. To set aside or make an any reversal of an amount as Special Reserve pursuant to the applicable rules and requirements of the Commission;
5. With respect to the earnings available for distribution, i.e. the net profit after the deduction of the items (1) to (4) above plus the previously cumulative undistributed Retained Earnings, the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the regular meeting for approval.

As the Company is in the diversified industrial environment, the corporate life cycle is growing in the first stage and continues to grow, the need for a sound financial planning for sustainable development, thus the Company's dividends policy to distribute the dividends may be allocated the shareholder dividends or bonus in the form of the retained earnings or the amounts of distribution and cash according to the Company's future expenditure budgets and funding needs and measure of the necessity of support of funding needs.

Earnings may be distributed in the form of cash dividends and/or shares, but the cash dividends are prior to any shares, or distribution by the amount of dividends. Share dividends shall

comprise a minimum of fifty percent (50%) of the total dividends allocated to Shareholders.

Article 28-1 : The allocation of the directors' remuneration not exceeding three percentages of the annual earnings and no less than five percentages of employee remuneration and a company may set off losses if any accumulated losses.

Resolutions at a shareholders' meeting for the allocation of the employees' remuneration and directors' remuneration shall be adopted by a majority vote of the directors present, who represent over two-thirds of the directors and report in the meeting.

The allocation of the employee bonuses in the form of cash or shares, the employees entitled to such share bonuses may include employees of the Subordinate Companies satisfying certain criteria.

Article 29 : (Deleted)

Chapter 6 Supplementary Provisions

Article 30: The Company shall guarantee for others in order to meet business needs, and the Board of Directors is authorized to exercise the procedures in accordance with the Regulations Making of Endorsements/Guarantees.

Article 31 : (Deleted)

Article 32 : Matters not provided in the Articles of Incorporation shall be in accordance with the Company Act and other relevant laws and regulations.

Article 33 : The Article was approved at promoters meetings by all promoters and made on November 5, 2007. 1st amendment was made on December 13, 2007. 2nd amendment was made on May 6, 2008. 3rd amendment was made on November 28, 2008. 4th amendment was made on June 30, 2009. 5th amendment was made on November 27, 2009. 6th amendment was made on December 15, 2010. 7th amendment was made on June 22, 2011. 8th amendment was made on June 27, 2012. 9th amendment was made on June 19, 2013. 10th amendment was made on June 18, 2014. 11th amendment was made on June 17, 2015. 12th amendment was made on May 31, 2016.

Danen Technology Corporation

Rules and Procedures of Shareholders Meeting

Article 1 : To develop a desirable governance system, perfect supervision capabilities, and strengthen the management mechanism of the Company's Shareholders Meeting, these Rules are established in accordance with the ROC Regulations Governing Procedure for Meetings of the Shareholders of Public Companies and the Article 5 of the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Article 2 : Unless otherwise stipulated by the laws and regulations or the Articles of Incorporation, the meeting policy of the Company's Shareholders' Meeting shall be handled in accordance with the requirements of these Rules.

Article 3 : A shareholders meeting shall, unless otherwise provided for in the laws and regulations, be convened by the Board of Directors.

The reasons for calling a regular meeting of shareholders shall be notified to each shareholder at least thirty days in advance. Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement by entering such information into the Market Observation Post System at least thirty days in advance. The reasons for calling a special shareholders meeting shall be notified to each shareholder at least fifteen days in advance. Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement by entering such information into the Market Observation Post System at least fifteen days in advance.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, and dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 the Company, if there is any matter ruled by the Article 26-1, Article 43-6 of the Securities and Exchange Act and Article 56-1, Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be itemized in the causes or subjects to be described in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda.

Under any circumstances of the Paragraph 4, Article 172-1 of the Company Act, the Board of Directors of the Company may exclude the proposal submitted by a shareholder from the list of proposals to be discussed at a regular meeting of shareholders.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (10) days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders meeting notice the proposals conforming to the requirements set out in this Article of Incorporation. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders meeting to be convened.

Article 4 : A shareholder may appoint a proxy to attend a shareholders meeting in his/her behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than 5 days prior to the meeting date of the shareholders meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders meeting in person or to exercise his/her voting power in writing or by way of electronic transmission , a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders meeting as scheduled in the shareholders meeting notice so as

to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 : The place of the Shareholders Meeting to be convened shall be convenient for Shareholders' attendance and shall be an opportune place for holding a Shareholders Meeting. The meeting time at which starts shall not be earlier than 09:00 am or later than 03:00 pm.

Where the Company has established the position of independent director, the Company shall take into full consideration an independent director's opinion for the place and time of the Shareholders Meeting to be convened.

Article 6 : Time and place to report in and other necessary matters shall be specified in a meeting notice.

The aforementioned time to report in shall be started latest by 30 minutes before the shareholders meeting; the registration desk shall be clear and definite, and appoint the associated persons in sufficient numbers to meet its management needs to conduct such business.

A shareholder or an agent appointed by a shareholder (hereafter refer to "shareholder ") shall attend at a Shareholder Meeting by The attendance card, sign-in card, or other certificate of attendance. The Company may not arbitrarily request a shareholder to provide other certificates. A solicitor of proxies shall bring identification documents for verification.

An attendance book shall be made ready for signature or a shareholder attending the meeting shall submit the sign-in card in place of signature.

The Company shall deliver an agenda, annual reports, an attendance card, a slip and other meeting information to shareholders who attend the meeting. Where there is a proposal for election of directors, the Company shall provide a vote. When the government or a juristic person is a shareholder, its proxy shall not be limited to one person. When a juristic person is appointed to attend the meeting, its proxy shall be limited to one person.

Article 7 : If the meeting of shareholders is convened by the Board of Directors, the Chairman shall preside the shareholders meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing

directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors.

The aforementioned Chairman shall be the managing directors or the directors who has held a post for over 6 months and understand the Company's financial status.

The shareholders meeting shall be convened by the Board of Directors, and a Chairman of the Board of Directors who shall act as chairman of shareholders meetings and a majority of directors and at least one member from the committees of other functions are present at the shareholders meeting. The status of the attendance shall be recorded in the minutes of the shareholders meeting.

For a shareholders' meeting convened by the Board of Directors, where as for a shareholders meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The Company shall appoint an attorney, accountants or related personnel to attend a shareholders meeting.

Article 8 : Any and all of shareholder meetings shall be audio recorded or videotaped from beginning to adjournment of the meeting as evidence. The aforementioned files shall be kept for at least one year. For a meeting convened via videoconferencing, the audio recorded and videotaped information shall be part of the proceedings of minutes of the shareholders meeting pursuant to Article 189 of the Company Act and be properly kept until legal proceedings of the foregoing lawsuit have been concluded.

Article 9 : The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards plus the numbers of shares exercising in writing or by way of electronic transmission.

A meeting shall be called to order by the chairman when the scheduled meeting time has arrived and the majority of the shareholders are present. If the majority of the shareholders are not present at the schedule commencement time of the meeting, the chairman of the meeting may

announce the postponement of the meeting not more than twice. If a quorum has not been reached after the second postponement, the chairman shall declare the meeting adjourned.

If after two postponements the number of Shares represented by the attending Shareholders has constituted more than one-third (1/3) of all Shares in issue present in person or by proxy and entitled to vote, a tentative resolution may be passed in accordance with the Item 1, Article 175 of the Company Act.

Before the end of such a meeting, if the number of Shares represented by the attending Shareholders has already constituted more than an aggregate of one-half (1/2) of all Shares in issue, the chairman may put the tentative resolution(s) already passed to the Shareholders' resolution again in accordance with the Article 174 of the Company Act..

Article 10 : If the meeting of shareholders is convened by the Board of Directors, the procedure of the meeting shall be promulgated by the Board of Directors. Shareholders meetings shall be conducted in accordance with the procedure of the meeting as scheduled in the meeting notice, which may be subject to change upon consent of resolutions at the shareholders meeting.

The shareholders meeting shall be convened by the others except for the Directors with power to convene the meeting, which may follow the same methodology.

For purpose of the preceding two paragraphs, the chairman may not declare adjournment without the consent of resolutions before the end of the aforementioned procedure of the meeting as scheduled in the meeting notice (including extempore motion. If the chairman declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, a new chairman of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

The chairman shall let shareholders to fully explain and discuss with the proposals and the amendment or extraordinary motion proposed by the shareholders. When the chairman at a shareholders meeting is of the proposals and the amendment or extraordinary motion proposed by the shareholder has been sufficiently explained and discussed to a degree of putting to a vote, the chairman may announce the discussion closed and

bring the matter to vote.

Article 11 : A shareholder attending the meeting shall fill in a slip indicating the purpose, Shareholder account number (or attendance card number) and Shareholder name prior to the discussions. The chairman shall decide on the order of presentations.

A shareholder shall be deemed as non- presentation if only submitting a slip without presenting. In the event of any inconsistency between the presentation and the slip, the presentation shall apply.

A shareholder's presentation at the same meeting shall not be over 2 times and 5 minutes each time without any consent of the chairman. The presentation should be interdicted by the chairman in case that a shareholder's presentation in violation of the rules or exceeds the scope.

Other shareholders shall not interfere with the presentation of a shareholder attending a meeting unless obtaining content to a chairman and a shareholder who is giving a presentation. The presentation should be interdicted by the chairman.

A juristic person shareholder appoint over 2 personnel at a shareholder meeting, there is only one person has the right to give a presentation at the same meeting. The chairman shall reply in person or appoint a related member to reply after the presentation of a shareholder.

Article 12 : The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares.

The Shares held by any Shareholders with no voting rights shall not be included in the total number of issued Shares while voting on resolutions in the general meeting.

Any shareholder who bears a personal interest that may conflict with and impair the interest of the Company in respect of any proposed matter for consideration an approval at a regular meeting shall abstain from voting any of the shares that such Shareholder should otherwise be entitled to vote in person, as a proxy or corporate representative with respect to said matter. Any Shares held by any Shareholders who are not permitted to exercise voting rights in the preceding paragraph shall not be counted in the number of votes of Shareholders present at the general meeting for relevant resolutions

Except for trust enterprises or Shareholders' Service Agencies approved by Taiwan competent authorities, when a person who acts as the proxy for two or more Shareholders concurrently, the number of votes represented by him

shall not exceed three percent of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.

Article 13 : A shareholder shall have one voting power in respect of each share in his/her possession. However, the shares shall have no voting power under any of the Item 2, Article 179 of the Company Act, this shall not apply.

The voting power at a shareholders meeting may be exercised in writing or by way of electronic transmission, provided, however, that the method for exercising the voting power shall be described in the shareholders meeting notice to be given to the shareholders if the voting power will be exercised in writing or by way of electronic transmission. A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission as set forth in the preceding Paragraph shall be deemed to have attended the said shareholders meeting in person, but shall be deemed to have waived his/her voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders meeting.

In case a shareholder elects to exercise his/her voting power in writing or by way of electronic transmission, his/her declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her voting power in writing or by way of electronic transmission intends to attend the shareholders meeting in person, he/she shall, two days prior to the meeting date of the scheduled shareholders meeting and in the same manner previously used in exercising his/her voting power, serve a separate declaration of intention to rescind his/her previous declaration of intention made in exercising the voting power under the preceding Paragraph. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail.

In case a shareholder has exercised his/her voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders meeting in his/her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Except as otherwise provided by the Company Act and the Articles of Incorporation, the resolution may be adopted by the votes of the shareholders present at a shareholders meeting who represent a majority of the total number of issued shares. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 : The election of the directors at a shareholders meeting shall comply with the regulations of the election. Results of the votes shall be announced on the spot, including the list of persons elected as directors and the numbers of votes. The votes of the aforementioned elections, after the seal and signature of the voting supervisor, shall be kept by the company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholders in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 15 : Resolutions adopted at a shareholders meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The record and the distribution of the minutes shall be fulfilled in accordance with the Company Act.

The minutes of shareholders meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and

the results of the meeting. The minutes shall be kept persistently throughout the life of the company.

The method of adopting resolutions in the preceding Paragraph shall be deemed and recorded approved and voted on by the shareholders present at the meeting consent to the passing of such resolution without raising any objection when the chairman puts forward the relevant resolutions for approval. If, upon the chairman proposing the relevant resolution for approval, a shareholder states his or her dissent, the vote by ballots and the number of votes and its ratio shall be recorded.

Article 16 : On the day of the shareholders meeting, the company shall compile a statistical statement of the number of shares obtained by the solicitor through solicitation and shall make an express disclosure of the same at the site of the shareholders meeting. On the day of the shareholders meeting, the company shall compile a statistical statement of the number of shares obtained by the solicitor through solicitation and shall make an express disclosure of the same at the site of the shareholders meeting. If any matters at a shareholders meeting ruled by the laws and regulation, the Taiwan Stock Exchange Corporation Regulations Governing Auction of Listed Securities (Taipei Exchange Rules Governing Purchase of OTC Securities) are material information, the Company shall transmit it to the Market Observation Post System.

Article 17 : The chairman may designate picket staff or security personnel to help maintain order at the place of meeting. Picket staff or security personnel must wear identification or an arm badge with a heading of "picket staff ". The presentation should be interdicted by the chairman in case that a shareholder's presentation is not given by the equipment prepared by the Company.

In case that any shareholder violates the rule, obstructs the meeting and disobeys the advice to stop, the chairman shall appoint the picket staff or security personnel to ask him/her to leave.

Article 18 : During the meeting, the chairman shall declare a break depending on the time. The chairman shall declare suspension of the meeting in the wake of any force majeure that occurred, and then declare to reconvene the meeting under the circumstance.

The shareholders meeting shall find another place to reconvene the meeting, if the place of meeting is not available at that time till the end of the aforementioned procedure of the meeting as scheduled in the meeting notice (including extempore motion).

The Article 182 of the Company Act shall apply where a meeting of

shareholders resolves to postpone the meeting for not more than, or to reconvene the meeting within, five days.

Article 19 : Establishment of these Rules shall be subject to consent of the Company's Shareholders Meeting. Any amendment to these Rules shall be subject to consent of the Company's Shareholders Meeting.

Article 20 : This Rule was made on November 28, 2008. 1st amendment was made on June 27, 2012. 2nd amendment was made on June 19, 2013. 3rd amendment was made on June 18, 2014. 4th amendment was made on June 17, 2015.

Danen Technology Corporation

Procedures for Election of Directors and Supervisors

Article 1: To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2 : Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

Article 4 : More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 5 : The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 6 : Elections of independent directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified independent directors will be elected

Article 7 : The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8 : The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9: The number of directors and supervisors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner,

with the chair drawing lots on behalf of any person not in attendance.

Article 10 : A new director with higher numbers of voting rights according to their respective numbers of votes sequentially will be elected if the elected directors apply to waive to the company before making a change of registration to the competent authority.

Article 11 : When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting to hold a by-election to fill the vacancies.

Article 12 : Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 13 : If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 14 : A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number d

5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 15 : The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 16 : The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 17 : These procedures and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 18 : These Procedures were made on November 28, 2008. 1st amendment was made on June 27, 2012. 2nd amendment was made on June 18, 2014. 3rd amendment was made on June 17, 2015.

Appendix 4

Danen Technology Corporation Shareholdings of Directors

1. The amount of the paid-in capital is NTD3,496,267,990 and the total shares are 349,626,799 shares.
2. Total Issued shares of a single and all directors on the book closure date of March 28, 2017:
 1. The minimum required combined shareholding of all directors by law :
the independent directors of the Company exceed one-half of the total director seats, and an audit committee has been established, the provisions on the minimum percentage requirements for the shareholding respectively of all directors shall not apply.
 2. The status of Shareholdings of Directors as follows :

Book closure date: March 28, 2017

Position	Name	Date elected	Shareholding while elected		Current shareholding	
			Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairman	Fang,Jenn-Ming	103.06.18	5,116,409	1.46%	5,116,409	1.46%
Vice chairman	Jen,Chao-Ming	103.06.18	952,732	0.27%	952,732	0.27%
Independent director	Tsai,Wen-Ching	103.06.18	0	0.00%	0	0.00%
Independent director	Lin,Her-Yuan	103.06.18	0	0.00%	0	0.00%
Independent director	Jaw,Yi-long	103.06.18	0	0.00%	0	0.00%
Shareholding of all directors			6,069,141	1.73%	6,069,141	1.73%